

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

DRAFTED BY EUR/EE:NGANDREWS/LVA

APPROVED BY C:HSNENFELDT

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST IMMEDIATE

C O N F I D E N T I A L STATE 025989

EXDIS

E.O. 11652: GDS

TAGS: EEWT, RO

SUBJECT: GENERALIZED SYSTEM OF TARIFF PREFERENCES (GSP)

AND CONCESSIONAL CREDITS FOR ROMANIA

1. DEPSEC RECEIVED AMBASSADOR BOGDAN FEBRUARY 4. COUNSELOR WAS ALSO PRESENT. DEPSEC TOLD AMBASSADOR THAT SECRETARY REGRETTED HIS INABILITY TO SEE HIM BECAUSE OF VOLUME OF WORK REQUIRING HIS ATTENTION PRIOR TO FORTHCOMING TRIP TO MIDDLE EAST.

2. AMBASSADOR REFERRED TO TRADE AGREEMENT NEGOTIATIONS NOW IN PROCESS WHICH, WHEN COMPLETED, WOULD PROVIDE WELCOME IMPETUS TO TRADE TIES AND FILL MISSING LINK IN THE STRUCTURE OF OUR RELATIONS. MFN WAS IMPORTANT ECONOMIC ISSUE TO ROMANIA. ON OTHER HAND, DUE TO CIRCUMSTANCES BEYOND ROMANIAN CONTROL, TRADE AGREEMENT REPRESENTED A POLITICAL ACT ON THE PART OF ROMANIA WHICH SOME MIGHT INTERPRET AS INVOLVING ROMANIAN CONCESSIONS. FURTHERMORE, CONGRESSIONAL POWER TO REVOKE THE TRADE AGREEMENT WAS LIKE THE SWORD OF DAMOCLES SUSPENDED OVER THE NORMAL DEVELOPMENT OF TRADE. AMBASSADOR THEREFORE ASKED FOR A US GESTURE WHICH WOULD BE SEEN IN TERMS OF THE TRADE ACT AS A BALANCE OF CONCESSIONS OR AS  
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COUNTER-BALANCING CERTAIN DEFICIENCIES IN THE TRADE LEGISLA-

TION. THE GESTURE HE SUGGESTED WAS FIRST THAT THE US HASTEN THE GRANTING OF GSP IN RECOGNITION THAT ROMANIA WAS A DEVELOPING COUNTRY AS STATED IN THE JOINT DECLARATION OF THE

TWO PRESIDENTS DECEMBER 1973. SECOND, THAT US SHOULD EXTEND A LOAN TO ROMANIA OF ABOUT 500 MILLION DOLLARS UNDER PREFERENTIAL CONDITIONS.

3. DEPSEC, REFERRING TO HIS LONGSTANDING INTEREST IN PROMOTING TRADE WITH EE COUNTRIES, STATED THAT US WAS INTERESTED IN CONCLUDING TRADE AGREEMENT AS SOON AS AGREEMENT COULD BE REACHED BETWEEN AMBASSADOR BARNES AND ROMANIAN FOREIGN MINISTER ON EMIGRATION STATEMENT. ROMANIA WAS ALREADY LISTED AS A POTENTIAL RECIPIENT OF GSP AS A DEVELOPING COUNTRY. DEPSEC WARNED AMBASSADOR OF REQUIREMENT THAT A NEW INTERNATIONAL TRADE COMMISSION WOULD REVIEW PRODUCTS WHICH MIGHT BE ELIGIBLE FOR PREFERENCES. THIS DELAY IN PROCEDURE WHICH COULD TAKE FIVE OR SIX MONTHS WOULD AFFECT ANY ELIGIBLE COUNTRY. IN REGARD TO CONCESSIONAL CREDITS, DEPSEC SAID THAT EXISTING LEGISLATION SEEMS TO PRECLUDE SUCH CREDITS. WE ARE WILLING TO LOOK INTO THIS FURTHER BUT CANNOT BE ENCOURAGING. CONCESSIONAL CREDITS ARE BEING ATTACKED BY CONGRESS REGARDLESS OF THE INTENDED BENEFICIARY AND WE DO NOT KNOW WHAT THE NEW CONGRESS WILL DO. THERE DOES NOT SEEM TO BE ANY SENTIMENT FOR A GREAT NEW AID PROGRAM. HOWEVER, WITH THE EFFORTS NOW BEING MADE IN BUCHAREST TO RESOLVE THE EMIGRATION ISSUE, WHICH WOULD MAKE THE GRANTING OF MFN POSSIBLE, WE COULD MOVE AHEAD ON GSP FOR WHICH MFN STATUS IS A PRECONDITION. COUNSELOR SAID THAT PRESIDENT, IN MESSAGE TO CONGRESS JAN. 14, HAD INCLUDED ROMANIA ON LIST B (POTENTIALLY ELIGIBLE FOR GSP) BUT ROMANIA WOULD, AFTER OBTAINING MFN, BE PUT ON LIST A (COUNTRIES ALREADY ENJOYING MFN). AMBASSADOR SUGGESTED THE POSSIBILITY THAT THE US MIGHT REITERATE ITS POSITION ON GSP FOR ROMANIA AT THE TIME THE TRADE AGREEMENT WAS SIGNED.

4. AMBASSADOR REQUESTED AND OBTAINED THE DEPSEC'S CONFIRMATION THAT WE WERE NOT REJECTING THE POSSIBILITY  
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OF LOOKING INTO CONCESSIONAL CREDITS. HE SAID HE UNDERSTOOD THE LEGISLATIVE PROHIBITIONS AND THE GENERAL ATMOSPHERE AFFECTING SUCH CREDITS BUT HE PUSHED FOR AN INDICATION OF POSITIVE US ACTION. WHEN HE MENTIONED US INVESTMENT IN SPECIFIC PROJECTS IN ROMANIA, HE WAS TOLD THERE WERE NO FACILITIES AT THIS TIME FOR USG INVESTMENT, ONLY CREDITS VIA EXIM OR OPIC GUARANTEES.

5. DEPSEC AND COUNSELOR BOTH STRESSED THAT ROMANIA SHOULD NOT ENTERTAIN ANY FALSE HOPES OR ILLUSIONS BECAUSE POSSIBILITY OF OBTAINING CONCESSIONAL CREDITS WAS REMOTE AND WOULD PROBABLY REQUIRE NEW LEGISLATION OR AMENDMENTS. AMBASSADOR WAS ALSO ADVISED NOT TO MISINTERPRET OUR

WILLINGNESS TO LOOK INTO THE CREDITS QUESTION AS ANY KIND OF ASSURANCE OR COMMITMENT. COUNSELOR SAID AMBASSADOR WAS WELL AWARE OF US WILLINGNESS TO EXPLORE ANY AVENUE TO IMPROVE RELATIONS AND US BASIC SYMPATHY AND DESIRE TO BE HELPFUL. DEPSEC REITERATED THE IMPORTANCE OF THE DISCUSSION IN BUCHAREST CONCERNING EMIGRATION SINCE A SATISFACTORY SOLUTION WAS A CONDITION FOR FINALIZING THE TRADE AGREEMENT AND MFN.

6. AMBASSADOR WILL RETURN TO BUCHAREST WITHIN NEXT TWO OR THREE DAYS FOR ANNUAL FOREIGN TRADE CONFERENCE AND CONSULTATIONS AND PLANS TO RETURN HERE FEBRUARY 18. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, TRADE AGREEMENTS, GENERALIZED PREFERENCES (TARIFFS)  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 FEB 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE025989  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** NGANDREWS/LVA  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ORIGIN SS  
**Original Classification:** CONFIDENTIAL  
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**Original Previous Classification:** n/a  
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**Page Count:** 3  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** EXDIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 JUN 2003 by ShawDG>; APPROVED <21 OCT 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GENERALIZED SYSTEM OF TARIFF PREFERENCES (GSP) AND CONCESSIONAL CREDITS FOR ROMANIA  
**TAGS:** EEWT, RO  
**To:** BUCHAREST  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006